DOCUMENT RESUME

ED 107 176 HE 006 534

TITLE	Pennsylvania Higher Education Assistance Agency. Annual Report for 1972-73.
INSTITUTION	Pennsylvania Higher Education Assistance Agency, Harrisburg.
PUB DATE	[73]
NOTE	10p.
EDRS PRICE	MF-$0.76 HC-$1.58 PLUS POSTAGE
DESCRIPTORS	*Educational Finance; Federal Aid; *Financial Support; *Grants; *Higher Education; Nurses; State Aid; *Student Loan Programs
IDENTIFIERS	College Work Study; CWS; National Direct Student Loan; NDSL; NSL; Nursing Student Loan; *Pennsylvania

ABSTRACT

During 1972-73 the Pennsylvania Higher Education Assistance Agency had to deal with the problems of both the victims of the 1972 flood in Pennsylvania and the returning veterans. The report covers three state programs. (1) The State Scholarship Program made 105,501 awards at $62,759,544. There were 30,701 recipients who were 1972 high school graduates, 56,108 "renewals" (also had awards in 1971-72 but needed assistance to return to school in the fall of 1972). (2) The State Student Loan Program for 1972-73 gave loans to 36,037 first-time borrowers. For the year, there were 71,779 loans made, and their total value was $88,286,429. (3) The Matching Funds Program matches federal money for National Direct Student Loan (NDSL), Nursing Student Loan (NSL), and College Work-Study (CWS) with state funds. In 1972-73 nine federal to every one state dollar went to NDSL; nine federal to every one state dollar went to NSL; and four federal to every one state dollar went to CWS. (Author/KE)

ED107176

PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY

ANNUAL REPORT

1972–73

HE 006 534

U.S. DEPARTMENT OF HEALTH
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION

INTRODUCTION

In 1972-73, several factors combined to bring about a record-setting year for the Pennsylvania Higher Education Assistance Agency. What the economists of the country were calling the "mini-recession of 1971" was ended and the effects of that problem were beginning to ebb somewhat. But many of those individuals affected by 1971's difficulties still were not fully recovered, and they still fit into the need category for aid to meet their children's higher education costs.

Then came the flood, the worst in Pennsylvania's recorded history. This was an overwhelming disaster whose effects were so broad as to be nearly all inclusive of the state's population.

It immediately became necessary for PHEAA to react rapidly and reasonably if the needs of students were to be served. Methods of operation had to be altered and exceptions made so that emergency consideration could be given those most seriously involved in the flood. PHEAA's task was to provide this emergency help while at the same time continuing to administer the student aid programs on behalf of the other "regular" students in the basic scholarship program.

For the flood-victimized students, it was not so much a question of helping them to get "back on their feet" and rise once more to their standard of living. It was rather a question of survival. The revised means of assessing their need and processing their applications resulted in scholarships to continue or begin their postsecondary education, and for many this was the only ray of sunshine in an otherwise despair-clouded year.

Then, another factor arose which added momentum to the state's student aid programs. In the late fall, the Legislature passed and the Governor signed a special program of scholarships for veterans of the Armed Forces. Many young men and women were returning from the longest conflict in the history of the country. Of course, PHEAA previously had been processing veterans and making scholarship grants to them. But here was a program designed for them and them alone, and since it meant more awards had to be made, PHEAA again was called upon to respond.

Spurred by tragedy on one hand and legislative dictate on the other, 1972-73 became a year like no other before it in the annals of student financial aid for Pennsylvania. Realistically, it can be said that many veterans who returned from an experience of conflict were able to take their places in an atmosphere of peace because the future did have something for them.

What Pennsylvania did in 1972-73 on behalf of these of its citizens has to go down in the record books as being an expression of real concern and of real response. PHEAA was proud to have been called upon to take a part in the service of the state's people.

STATE SCHOLARSHIP PROGRAM

More awards than ever before--105,501--were made this year. Their total value reached $62,759,544.

Recipients were: 30,701 who were 1972 high school graduates; 56,108 "renewals" (also had awards in 1971-72); and 18,692 upperclassmen who did not have an award in 1971-72 but who needed assistance to return to school in the fall of 1972. Each of those three categories contained a substantial number of flood victims who received scholarships.

The full-year average award for all categories of recipients was $653. This figure varied from a high full-year average award of $871 for the below-$6,000 category to the full-year average award of $360 for the $12,000-$14,999 category. (As is apparent from the figures, because of the need factor, it becomes increasingly difficult for higher earnings categories to receive an award. Beyond a figure of $15,000 adjusted, no awards are made.)

Of the total who received awards, 87.6% are attending institutions of higher learning in Pennsylvania. The value of their awards is $54.7 million, an increase of $4.8 million over the previous year.

Here it is appropriate to mention that Pennsylvania's scholarship program enables awards to be made to students attending out-of-state schools as well as those in Pennsylvania. It is also the only state in the nation that provides scholarship aid for its student population to use at business, trade, technical and nursing schools, both in Pennsylvania and outside its borders.

Some 44.3% (46,703) of this year's scholarship holders come from families whose PHEAA-adjusted income was less than $8,000. Their award is one-half of the amount to be financed by the student after reducing his need by the amount PHEAA expects from parental income and assets. The maximum award possible is limited to the cost of tuition and fees or $1,200 if attending a Pennsylvania school and $800 at an institution out-of-state. These low-income students received $34.5 million in aid, and this represents 58.1% of the total funds awarded.

Students from families whose earnings were in the below-$10,000 PHEAA-adjusted income level made up 66.5% (70,147) of the total award file. This group received $49 million, or 78.1% of the total value of awards.

The importance of the veterans and flood activity comes to the fore when one looks at the award picture in those categories. Some 10,793 veterans of the U. S. Armed Forces received awards. They represented 10.2% of the total scholarship recipients.

Special flood scholarships comprised another 3.8% of the total recipient file. There were 4,041 of them.

Recipients in both of these "special" groups totaled 14% of the entire file of recipients.

The average PHEAA-adjusted family income of the scholarship recipient group was $8,194.

Some other interesting points about the 1972-73 award recipients: About 12.4% came from a family with a $12,000 or above PHEAA-adjusted income. Almost one-third of the total of those receiving awards lived at home while attending postsecondary institutions. Some 25.7% of the total have at least one brother or sister enrolled in college. Sixty percent (63,646 recipients) are lower-division (freshmen or sophomores) undergraduate students.

STATE STUDENT LOAN GUARANTY PROGRAM

Although tragedy and a new program contributed to the establishment of an all-time record of activity in the scholarship program, it is interesting to note that students continued to borrow money to help pay their education costs. This they did by means of the State Student Loan Guaranty Program. In 1972-73, some 36,037 first-time borrowers obtained loans. For the year, there were 71,779 loans made and their total value was $88,286,429.

The important thing about this is that despite the fact that there was a flood and that other circumstances--including an increasingly heightening inflationary trend in the national economy--were beginning to tighten up the money supply, lenders and students were able to get together. Students were willing to encumber their future earnings and private lenders were willing to extend the funds.

A word about the Pennsylvania lending community is worthwhile here. These private lending institutions have, for the past eight years, been the solid framework of the Student Loan Guaranty Program. Since 1964, they have made 457,425 guaranteed loans valued at $483,686,115 to 254,629 borrowers.

If the Commonwealth were to have to set aside a fund for the purpose of loans to students, millions of dollars would have to lie idle for a number of years. In some years, the amount of loans obtained by student borrowers exceeds $100 million. Since the private lending sector provides the money, the state now becomes involved only as the guarantor, a less expensive and certainly more workable approach than if the state were actually the lender as well.

These loans are low in cost and have a rather lengthy period of repayment which takes into consideration the status of a student once he or she is out of school. In fact, the period may range up to ten years under certain conditions. Ordinarily, the student--who must be a Pennsylvania domiciliary for 30 days immediately prior to filing an application--begins his repayment from nine to 12 months after he leaves school either by graduation or other means of withdrawal.

There were 1,287 participating lenders in the program for the period ending June 30, 1973. This is a very slight decrease over the year before and is due to mergers or consolidations of institutions. Participants included commercial banks, federal savings and loan associations, state savings and loan associations, credit unions, mutual banks and three educational institutions who make loans.

The loan program continues to be a vital part of student financial assistance in Pennsylvania. In fact, the philosophy of the state is that students are expected to obtain a parental contribution toward their school costs (the primary responsibility for education rests with the parents and students) and then they can obtain the remainder of their needed monies from grants, loans and work. Usually, the student's share after parental contribution is made up of approximately one-third from each of these three sources.

Because loans are so important, both the lenders and the students should receive accolades for their participation. If loans were unavailable, the grant program itself could burgeon to an annual cost of nearly $200 million by the year 1976, and this could put an added and unwelcome strain on the state's purse strings.

MATCHING FUNDS PROGRAM

The federal government, through the U. S. Office of Education, allocates financial support to higher education institutions throughout the country in three student financial aid programs. These are the National Direct Student Loan Program (NDSL), the Nursing Student Loan Program (NSL), and the College Work-Study Program (CWS). Basic to each program is the requirement that the institution administer the programs and contribute a matching fund to which the federal government's allocation would be added. This type of funding procedure allows relatively few institutional dollars to create the basis for much larger amounts of federal student financial aid funds to students from families with low incomes.

Pennsylvania's General Assembly, recognizing the advantage of full receipt of federal funds in these programs by the public-supported institutions of higher education, makes an annual appropriation to PHEAA for allocation to the state-owned and community colleges.

PHEAA allocates appropriated funds provided by the General Assembly in the proportion that each participating institution's full-time enrollment bears to the total full-time enrollment of all participating institutions.

PHEAA also coordinates an off-campus statewide summer College Work-Study Program in cooperation with the Governor's Office of Administration and the Department of Community Affairs. Its purpose is to provide full-time summer employment for needy Pennsylvania students in local and state government and non-profit agencies, at no cost to the employer.

The principal source (80%) of the payroll costs is federal College Work-Study Program money allocated to the colleges. The remaining 20% is provided by PHEAA from its state matching funds appropriation. The colleges expect the student to save at least one-half of these earnings to help pay his or her next year's college expenses. In this way, the program generates additional student financial aid funds and provides the student with meaningful work.

Though not designed precisely for that purpose, the program serves as a potential recruiting tool. Many students who work in the governmental and non-profit areas previously mentioned find during their summer work experience that they would like to follow careers in some of these jobs. Having already grounded themselves in these jobs to some extent, as summer workers, they are attractive sources for employers to draw from for full-time, permanent employees.

Of course, not to be overlooked is the fact that during their summer work tenure these students provide an inexpensive work force for state government and other employers that otherwise would not be available.

The federal/state matching ratios of the three programs are as follows: National Direct Student Loan, nine federal dollars to one state dollar; Nursing Student Loan, nine federal to one state; and College Work-Study Program, four federal to one state. In other words, one state dollar captures many additional federal dollars for the several purposes of student aid.

During the summer of 1972, some 71 Pennsylvania colleges and 24 out-of-state colleges took part in the program. Of the slightly more than 2,000 students referred for jobs, there were 2,045 who accepted employment and worked. There were 328 different agencies offering employment.

The accompanying table shows amounts contributed by the state (PHEAA) and the federal government (USOE) for each of the programs, and the totals for both for the 1972-73 academic year.

MATCHING FUNDS
(COMMUNITY COLLEGES)
(1972 - 1973)

	NURSING		NDSL		CWS		TOTAL		TOTAL AID
	PHEAA	USOE	PHEAA	USOE	PHEAA	USOE	PHEAA	USOE	PHEAA plus USO
1972 - 1973	$8,395	$75,555	$66,459	$598,131	$159,910	$639,230	$234,764	$1,312,916	$1,547,680

MATCHING FUNDS
(STATE-OWNED)
(1972 - 1973)

	NDSL		CWS		TOTAL		TOTAL AID
	PHEAA	USOE	PHEAA	USOE	PHEAA	USOE	PHEAA plus USOE
1972 - 1973	$157,740	$1,419,660	$838,744	$3,354,976	$996,484	$4,774,636	$5,771,120